

minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, today marks the 264th day that Martin and Gracia Burnham have been held captive by Muslim terrorists in the Philippines.

Today is Valentine's Day, a day focused on celebrating love 365 days a year, not just on February 14.

The Burnhams have a beautiful marriage and were on a trip celebrating their 18th anniversary when taken hostage by the Abu Sayaf group. Since then they have continued to remain devoted to each other. Martin often gives his food to Gracia, though neither of them has enough to eat. In a video in November, Gracia describes how she shouts "I love you" to Martin when they are caught in gun fire. She wants to be sure she gets to say it one last time.

Martin and Gracia also greatly love their three beautiful children, Jeff, Mindy and Zach. They have missed Father's Day, Thanksgiving, Christmas, each child's birthday, and now this day, to celebrate love. In letters they have expressed their devastation at being separated from their children.

Even during this awful nightmare, they have shared their love with each other and with others. Fellow hostages who have been released relate the Burnhams' attempts to encourage and comfort other captives. Gracia recited home recipes with other hostages to take their minds off the situation.

As we contact our loved ones today, let us not forget Martin and Gracia Burnham. I ask that my colleagues join me in praying for their release so that they may continue to share their love with their children, their family, their friends, and others they meet.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. LATOURETTE). Under the Speaker's announced policy of January 3, 2001, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

(Mr. PALLONE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ENRON SCANDAL CAUSES UNBEARABLE GRIEF, ANGER, AND FINANCIAL HARDSHIP FOR ENRON EMPLOYEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. GANSKE) is recognized for 5 minutes.

Mr. GANSKE. Mr. Speaker, employees, pensioners, and investors who have seen their nest eggs disappear from Enron's bankruptcy speak of "unbear-

able grief." They are also really angry that Enron's executives cashed out while, in many cases, they were locked in. One man told a congressional hearing, "I could understand now why people jumped out of windows in the Great Depression." Several of my fellow Iowans who used to work for the Nebraska and Western Iowa Natural Gas Company that merged with Houston Natural Gas to become Enron have told me they have lost most of their life savings. I recently gave a talk to a Des Moines Rotary and two-thirds of the 200 people there have lost money in Enron, either directly or through their mutual funds.

The personal toll has been enormous. There has even been a suicide by one of Enron's former executives who left the country with millions, but could not deal with the collapse of the company.

The bankruptcy of Enron is the country's largest business failure. Its demise is rippling across our economy at a time when investor confidence was already shaky. What makes the Enron scandal so serious is that it is not an isolated case of corporate greed and fraud. Global Crossing and Elan also gave money to someone else, took some of it back, and counted the income as revenue without counting the outgo as expense. Amazon also resorted to "pro forma" accounting when it did not like GAAP. Shares in Tyco International dropped 50 percent on questions about its accounting.

My congressional committee, the Committee on Energy and Commerce, is holding hearings even as I speak on this Enron implosion and what happened and how can we avoid future collapses. My committee exposed the shredding of documents by both Enron managers and Arthur Andersen accountants. We are hearing today about the woman, Sherry Watkins, who wrote the "smoking gun" memo in which Enron President Ken Lay was informed of sham transactions with partnerships controlled by its own employees that were designed to accomplish favorable financial statement results in order to conceal large losses resulting from Enron's merchant investments. She warned Mr. Lay of "impending implosion."

Mr. Lay and others sold millions of dollars of Enron stock, even though insiders are prohibited from selling if they have material nonpublic information. Ken Lay and the chief financial officer, Andrew Fastow, have now taken the fifth before Congress, and Enron CEO Jeffrey Skilling very well may have not been totally honest with my committee when he testified. Arthur Andersen Accounting Company is in deep financial trouble too. Its Enron accountants' actions are under investigation, as well as activities at Andersen headquarters. The Justice Department is investigating whether crimes were committed, and these people may go to jail.

But that is small consolation to people who have lost their life savings.

They want to know who is to blame for corporate America's largest bankruptcy, and there is much blame to go around: executives with no ethics, conflicts of interest on Enron's board, auditors who do not ask tough questions, investment banks that kept high-risk leverage off the books, stock analysts without the vaguest understanding of Enron's schemes. The failure of the Securities and Exchange Commission and the Financial Accounting Standards Board, FASB, on rules for subsidiaries, and maybe even Congress, should share some of the blame for failing to support stricter rules.

□ 1430

A couple of years ago then-SEC Chairman Arthur Levitt pushed for stronger rules to separate accounting from consulting by the same firms. I am thankful now that I supported his efforts. The public outrage over this economic tragedy is real, and that is why I am hopeful Congress will act. Congress is considering the multifaceted nature of this problem.

The 1929 stock market crash prompted legislation to force publicly traded companies to submit regular reports that met certain standards. Former Treasury Secretary Larry Summers has said that no innovation has been more important to the success of U.S. capital markets than generally accepted accounting principals.

The transparency and accuracy of corporate reports inspired investor confidence. Unfortunately, with compensation more closely tied to stock prices, the incentives for corporate managers to distort the information they provide investors has grown.

It seems to me accounting firms must raise their standards and adopt new rules requiring that subsidiaries be included in a company's financial statements. Those standards should be enforceable by FASB and that the funding of this regulatory board should be independent from accounting firms it oversees.

Investors rely on stock analysts. We need to do many things to fix this problem. Last week Paul Volcker said, Accounting and auditing are in a state of crisis. Mr. Chairman, to the millions of Americans who are depending on their investments for their retirement or their children's college educations, Mr. Volcker's statement is not hyperbole.

Employees, pensioners and investors who have seen their nest egg disappear from Enron's bankruptcy speak of "unbearable grief." They are also really angry that Enron's executives cashed out while, in many cases, they were locked in.

"I could understand now why people jumped out of windows in the Great Depression," one man told a congressional hearing. Several Iowans who used to work for the Nebraska and western Iowa natural gas company that merged with Houston Natural Gas to become Enron have told me they have lost most of their life savings. I recently gave a talk to a

Des Moines Rotary and two-thirds of the 200 people there had lost money in Enron either directly or through their mutual funds.

The personal toll has been enormous! There has even been a suicide by one of Enron's former executives who left the company with millions but could not deal with the collapse of the company.

The bankruptcy of Enron is the country's largest business failure. Its demise is rippling across our economy at a time when investor confidence was already shaky. What makes the Enron scandal so serious is that it is not an isolated case of corporate greed and fraud. Global Crossing and Elan also gave the money to someone else, took some of it back and counted the income as revenue without counting the outgo as expense. Amazon also resorted to "pro forma" accounting when it didn't like GAAP. Shares in Tyco International dropped 50 percent on questions about its accounting.

My congressional committee, the Energy and Commerce Committee, is holding hearings into how this "Enron implosion" happened and how can we avoid future collapses. The committee exposed the shredding of documents by both Enron managers and Arthur Andersen accountants. We have discovered the "smoking gun" memo in which Enron vice-president, Sherry Watkins, warned Enron President Ken Lay of sham transactions with partnerships controlled by its own employees that were designed to accomplish favorable financial statements results in order to conceal large losses resulting from Enron's merchant investments. She warned Mr. Lay of "impending implosion."

Mr. Lay, and others, sold millions of dollars of Enron stock even through insiders are prohibited from selling if they have material non-public information. Ken Lay and Chief Financial Officer Andrew Fastow have now taken "the fifth" before Congress and Enron CEO Jeffrey Skilling very well may have committed perjury before my committee. Arthur Andersen accounting company is in deep financial trouble, too. Its Enron accountant's actions are under investigation, as well as activities at Andersen headquarters. The Justice Department is investigating whether crimes were committed and these people may go to jail.

But that is small consolation to people who have lost their life savings. They want to know who is to blame for corporate America's largest bankruptcy?

My committee is holding wide-ranging hearings. There is much blame to go around: executives with no ethics, conflicts of interest on Enron's board, auditors who don't ask tough questions, investment banks that kept high-risk leverage off the books, stock analysts without the vaguest understanding of Enron's schemes, the failure of the Securities Exchange Commission (SEC) and Financial Accounting Standards Board (FASB) on rules for subsidiaries.

Maybe even Congress shares blame for failing to support stricter rules. A couple years ago, then-SEC Chairman Arthur Levitt pushed for stronger rules to separate accounting from consulting by the same firms. I am thankful now that I supported his efforts.

The public outrage over this economic tragedy is real and that is why I am hopeful Congress will act. Congress is considering the multifaceted nature of this problem.

The 1929 stock market crash prompted legislation to force publicly traded companies to

submit regular reports that met certain standards. Former Treasury Secretary Larry Summers has said that no innovation has been more important to the success of U.S. capital markets than "generally accepted accounting principles (GAAP)." The transparency and accuracy of corporate reports inspired investor confidence.

Unfortunately, with compensation more closely tied to stock prices the incentives for corporate managers to distort the information they provide investors has grown.

It seems to me that accounting firms must raise their standards and adopt new rules requiring that subsidiaries be included in a company's financial statements, that those standards should be enforceable by FASB, and that the funding of this regulatory board be independent from the accounting firms it oversees.

Investors rely on stock analysts. Do the analysts, or their firms, have a personal stake in seeing a stock do well? The National Association of Securities Dealers and the SEC should require Wall Street analysts to disclose whether they own stock they recommend and whether their pay is based on the investment banking work their firms provide.

For several years I have recommended increased funding for the SEC.

Corporate executives should disclose more quickly when they buy and sell their company's stock. Boards should be strengthened and limits should be put on stock options for board members.

Congress should consider reasonable limits on exposure to single stocks in employee pensions. I know several Iowa corporations that put limits on how much of their company's stock accounts for an employee's pension because they are concerned about their employees having all their investment eggs in one basket. Peoples' pensions should be vested in a reasonable time and diversified. Executives and employees should operate under the same rules on 410k "lock-outs" against selling stock.

These are just a few of the ideas being floated in Congress. I believe there is some urgency for Congress to act. This crisis needs to be resolved before investors lose faith in the integrity of the markets. We can already see investors skittish about a stock if there is even a hint of accounting shenanigans.

Last week Paul Volcker, Jr., the former Chairman of the Federal Reserve said, "Accounting and auditing in this country is in a state of crisis." To the millions of Americans who are depending on their investments for their retirement or their children's college education, Mr. Volcker's statement isn't hyperbole!

The SPEAKER pro tempore (Mr. CANTOR). Under a previous order of the House, the gentleman from California (Mr. GEORGE MILLER) is recognized for 5 minutes.

(Mr. GEORGE MILLER of California addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

LITHUANIAN INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. SHIMKUS) is recognized for 5 minutes.

Mr. SHIMKUS. Mr. Speaker, as an American of Lithuanian descent, I always come down to the floor around this time of year to commemorate Lithuanian Independence Day.

The 16th of February is the most important national holiday for Lithuanians. Eighty-four years ago Lithuania declared their independence from Germany. At this time its government held two main principles, restore statehood and the right to national self-determination.

Even after 50 plus years of Soviet occupation, these principles still hold true for Lithuania today. As soon as they established their independence in 1991, they have been working towards their goal towards NATO, the North Atlantic Treaty Organization.

I am pleased that Lithuania has shown as much tenacity and discipline in its membership action plan program as it did towards achieving freedom. All indications show it will be a significant contributor towards the Alliance.

Since 1994, over 1,000 Lithuanian troops have served in NATO-led missions in the Balkans. Lithuania has expressed strong political and diplomatic support for the U.S. antiterrorist campaign, and it is ready to contribute its military and medical unit as part of the Czech hospital to the operation in Afghanistan and a military security unit within the Danish contingent to Kyrgyzstan as its practical contribution to the "Enduring Peace" operation.

Moreover, Lithuania's current experience and positive relations with its neighbor, Russia, are poised to only get better once Lithuania receives an invitation to join NATO.

I congratulate the people of Lithuania on their Independence Day for their hard work and perseverance, and I extend these greetings to all Americans of Lithuanian descent.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DAVIS) is recognized for 5 minutes.

(Mr. DAVIS of Illinois addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

AMERICAN HEART MONTH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FOLEY) is recognized for 5 minutes.

Mr. FOLEY. Mr. Speaker, I know how proud the residents of the Old Dominion, Richmond, Virginia, are to see you in this chair leading this great Congress today. I also want to wish a happy Valentine's Day to all of the employees of our Capitol complex and their families.

As we continue to work on issues that are important to America, I wanted to talk about, since today is Valentine's Day, some issues we are identifying by the Congressional Heart and